

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-09 ISO-00 EB-07 AID-05 AGR-10 ABF-01 OMB-01

L-02 TRSE-00 XMB-04 /046 R

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NEA/PAB:MGJONES

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R 141649Z MAY 75
FM SECSTATE WASHDC
TO AMCONSUL LAHORE
INFO AMEMBASSY ISLAMABAD
AMCONSUL KARACHI

UNCLAS STATE 112058

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: POSSIBLE OPIC LOAN TO WYETH LABORATORIES LTD,
LAHORE

REF; LAHORE 0485

1. OPIC HAD PRELIMINARY DISCUSSIONS WITH WYETH LABS CONCERNING PROJECT PRIOR TO REFTEL. WITH RESPECT TO PROJECT ITSELF, GIVEN SUBSTANTIAL EXISTING CAPACITY OF PHARMACEUTICAL INDUSTRY IN PAKISTAN, WE WOULD HAVE RESERVATIONS ABOUT RELATIVE CONTRIBUTION OF EXPANSION PROJECT TO DEVELOPMENT OF PAKISTAN; AND, POSSIBILITY OF INITIATING NEW ROUND OF EXPANSIONS FOR ALL U.S. PHARMACEUTICAL COMPANIES IN PAKISTAN FUNDED PRIMARILY WITH LOCAL CURRENCY LOANS. WOULD PREFER TO CONSIDER NEW OR EXPANSION PROJECTS HAVING HIGH ASSIGNED PRIORITY BY GOP (PERHAPS BIRTH CONTROL PRODUCTS),
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EXPORT EARNINGS, AND SUBSTANTIAL UTILIZATION LOCAL RAW

MATERIALS.

2. P.L. 480 SOURCE FUNDS FOR LENDING TO PRIVATE PROJECTS ARE BECOMING RELATIVELY SCARCE. OPIC HAS LEGISLATIVE AUTHORITY TO USE NON-P.L. 480 SOURCE FUNDS, BUT REACTION OF GOP TO USE OF SUCH FUNDS FOR PRIVATE LENDING IS YET UNKNOWN. OPIC PLANS TO EXPLORE WITH GOP THE USE OF THESE FUNDS, AND PROCEDURES TO BE FOLLOWED.

3. OPIC LONG-TERM (5 TO 12 YEARS) DOLLAR LOANS AVAILABLE SUBJECT TO CONSIDERATIONS PARA 1. HOWEVER, INTEREST RATES ON SUCH LOANS ARE IN RANGE OF 10 TO 11 PERCENT. CAN EMBASSY ISLAMABAD OR AMCONSUL KARACHI GIVE SOME INDICATION OF FOREX INTEREST RATES BEING PERMITTED BY GOP? ONE METHOD OF REDUCING RATES WOULD BE TO MAKE LOAN IN FORM OF CONVERTIBLE DEBENTURES TO PROJECT WHICH WOULD CARRY INTEREST RATE OF AROUND EIGHT AND ONE-HALF PERCENT. POTENTIAL PROBLEM WITH THIS METHOD MIGHT ARISE IF DEBENTURES SOLD LOCALLY AT A PREMIUM OVER PAR VALUE. WOULD GOP PERMIT REMISSION OF PREMIUM AMOUNT IN FOREIGN EXCHANGE? KISSINGER

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